

**MINUTES OF LAYTON CITY  
COUNCIL STRATEGIC PLANNING  
WORK MEETING**

**OCTOBER 23, 2014; 5:15 P.M.**

**MAYOR AND COUNCILMEMBERS**

**PRESENT:**

**MAYOR BOB STEVENSON, JOYCE BROWN,  
SCOTT FREITAG AND JOY PETRO**

**ABSENT:**

**TOM DAY AND JORY FRANCIS**

**PLANNING COMMISSION MEMBERS**

**PRESENT:**

**DAWN FITZPATRICK, ROBERT VAN DRUNEN,  
GERALD GILBERT, L.T. WEESE AND DAVID  
WEAVER**

**STAFF PRESENT:**

**ALEX JENSEN, GARY CRANE, JIM MASON,  
TRACY PROBERT, BILL WRIGHT, KENT  
ANDERSEN, PETER MATSON, AND THIEDA  
WELLMAN**

**The meeting was held in the Council Conference Room of the Layton City Center.**

Mayor Stevenson opened the meeting and turned the time over to Staff.

**DISCUSSION – EMPLOYEE HEALTH INSURANCE BENEFIT**

Alex Jensen, City Manager, recognized Jim Mason, Assistant City Manager, and Tracy Probert, Finance Director. He said Staff wanted to present information about a mid-year adjustment to how the health insurance was being funded. Alex said time was of the essence because in order for a mid-year adjustment in premiums and benefits to be allowed, it had to take place as of January 1st per the City's agreement with Select Health. He said because of federal regulations, employees had to be notified at least 60 days prior to any changes, which was November 1st.

Alex said as the numbers over the last several months had trickled in, Staff had become more and more concerned. He said Staff had been having discussions with Select Health and Fringe Benefit Analysts, which was Don Deru's firm, about what adjustments made sense. Alex said Staff had all of that analysis to review with the Council. He said Staff's recommendation was to make the mid-year adjustments, and felt that it would bring about the necessary changes.

Tracy Probert said the City's policy was to keep the reserve at 1.5 million dollars, which was about 6 months worth of claims. He said the 1.5 million dollars sat in an account that claims were paid out of and premiums went into. Tracy said for many years through 2011 that reserve went up and down a little, but basically stayed near 1.5 million dollars. He said there had been a few times when a dividend had been given back to the City and employees.

Tracy said in 2012 the reserve ended the calendar year at 1.38 million dollars, and in 2013 it was at 1.1 million dollars. He said at that time it was determined to make an adjustment and effective July 1, 2014, a \$15 per pay period increase of premium was made for employees, and an increase of \$26.32 for the City's portion, which would equate to an additional \$300,000 per year into the reserve. Tracy said this brought

the employees' premium from \$72.74 per pay period to \$87.74. Tracy said with this adjustment, it brought the employees' portion of the premium to 18% and the City's portion to 82%. He said the goal set several years ago was to get that to 20% for employees and 80% for the City. Tracy said at that point the average monthly claims were about \$240,000. He said in the last three to four months that average had spiked up to about \$280,000 per month.

Tracy said the recommendation for the January 1, 2015, adjustment was to increase the premium for employees by \$18 per month, which would bring the per pay period cost to \$105.74; the City's portion would be an increase of \$22.83 per pay period for a total of \$420.27 per pay period. He said this adjustment would bring the employees total portion to 20% and the City's portion to 80%. Tracy said the hope was that this additional amount would keep the reserve fund at the current \$700,000 amount.

Alex said the rate increase was part of a two pronged approach. He said Staff recommended that the benefits also be changed to help cut costs.

Tracy said the second part of the adjustment was to change the benefits to try and help the employees be a little bit better consumers of healthcare.

Jim Mason said the changes really weren't drastic changes; it was still a very rich plan. He said the City had always had a very good plan, which played a key role in retaining good employees. Jim said the recommendation was to change to a different network. He said currently the City had Select Care Plus, which was the richest network that Select Health provided. Jim said the recommendation was to go to the Select Med network. He said Select Med was by no means a cheap network. Jim said in comparing the Select Care Plus and Select Med physicians, the main difference was that Tanner Clinic doctors were not on Select Med, and some University of Utah doctors were not on Select Med.

Jim said by moving to the Select Med network, the City would save about 5% of the claims. He said with claims at about 3.5 million dollars, 5% would be a substantial amount of money. Jim said the underwriters estimate was that by implementing the recommended changes it would reduce claims by 11.27%, which was an anticipated annual contribution to the plan of \$394,450.

Jim said the second adjustment to the plan had to do with deductibles. He said in the past, the deductible was \$100 per person for medical and \$50 per person for prescriptions. The recommendation was to increase that to \$250 per person for medical and \$100 per person for prescriptions. Jim said inpatient and outpatient services were previously covered at 100%; those would be reduced to 95%. He said with the out of pocket maximum, employees would still be limited to \$2,000 out of pocket.

Councilmember Brown said if they chose to stay with a Tanner Clinic provider it would go up slightly.

Jim said that was correct; it was a different benefit structure if it was with a non participating provider.

Alex said this was still a very rich plan compared to what others had. He said Layton had a plan that didn't exist anywhere else. Alex said he didn't think the City paid any more money for this rich plan than other cities paid for their plans because it was a self funded plan. He said under traditional insurance you were lumped in and averaged with everyone that the insurer was covering. That wasn't the case with the City; if the insurance was used the City paid for it, if it wasn't used it wasn't paid for. Alex said in the last 16 years there had been 3 increases in premiums to the City and employees because of the structure of the plan.

Councilmember Brown said most people saw an increase every year.

Alex said the City had a very good plan compared to what others had for the money that was spent. He said Staff felt that was very positive in helping to retain and maintain the City's most important asset; the employees. Alex said the City wasn't in a crisis; the plane wasn't crashing, but Staff felt that it was wise to be prudent and proactive, and make the adjustments that would keep the plan strong.

Mayor Stevenson said he felt that the adjustments needed to be made. He said as we moved into the new year, the City needed to see if there was a way to incentivize employees to use the plan wisely.

Councilmember Brown asked if Davis Hospital was still in the plan.

Alex said all of the existing hospitals that were currently in the plan would remain in the plan. The change was to doctors and clinics. Alex said Staff felt that it would affect roughly 20% of the employees that may have to make an adjustment in their doctors, or choose to pay an additional \$50 to go out of network.

Councilmember Freitag said by looking at the numbers he wouldn't paint this as a rosy picture; the sky was falling if the reserve had fallen to 50% of target with declines over the last 6 straight years. He said that was a big change.

Alex said the fund had been declining since 2011, which was a little expected as there was a dividend given in 2010. He said it had stayed within \$200,000 of the 1.5 million dollar target. Alex said Staff had always tried to be sensitive to both the City's money and employees' money. He said Staff felt that the City started to run into issues in 2013, which was why the adjustment was made July 1st.

Councilmember Freitag said this year 3 adjustments were being made; two premium adjustments and one plan adjustment.

Alex said that was correct.

Councilmember Freitag said that was pretty significant.

Councilmember Petro said from her perspective it might not be enough.

Tracy said the premium adjustment would bring an additional \$300,000 to the plan, and the coverage adjustment would bring an additional \$300,000 to the plan. He said it would take 2 to 3 years to bring the reserve back to 1.5 million dollars. Tracy said at the same time, Staff wasn't positive that the City just wasn't experiencing a spike in claims that couldn't level off. He said looking at long term trends it appeared to be a spike, but it could be a new normal. Tracy said the change was significant for employees.

Councilmember Freitag said it was a \$15 change plus an \$18 change, plus the deductibles about doubled. He said that was a big deal. Councilmember Freitag asked what Select Health was saying about the claims; where was the City seeing increases.

Alex said there had been an increase in the number of claims and an increase in the cost of claims. He said in 2012, in the \$10,000 to \$20,000 range, there were 14 cases; in 2013 there were 26 cases.

Councilmember Freitag said he didn't know how the City could come up with an incentive program until you knew what people were suffering from.

Mayor Stevenson said he agreed; it was something that needed to be looked at.

Council and Staff discussed various aspects of the Affordable Care Act that were impacting costs.

Alex said he was confident that employees would accept the changes and respond to them positively. Employees recognized that this was a great benefit.

Alex said the idea was that the Summary of Benefits changes would be presented to the employees by November 1st.

Councilmember Freitag asked how often the plan was reviewed.

Jim said every year; he explained the review process.

### **JOINT DISCUSSION WITH PLANNING COMMISSION – LAND USE AND HOUSING POLICIES, GENERAL PLAN – COUNCIL RESOLUTION ON MULTI-FAMILY DEVELOPMENT**

Mayor Stevenson welcomed the Planning Commission.

Peter Matson, City Planner, said this was a review about multi-family housing data, the General Plan multi-family housing policies, and the growth scenarios and visioning project that would be starting very soon. He displayed 2010 census information about the percentages of various housing types; 78% to 80% of the City's housing stock was single family.

Peter displayed information about building permits over the last few years for single family and multi-family units.

Councilmember Brown said the majority of the multi-family permits in 2014 were the Legacy Cottages. She said that wouldn't necessarily be included in the apartment category because it was senior living.

Peter said that was correct.

Peter reviewed trends in residential permits from 1980 to 2014. He said the trends in the City were similar to State trends.

Mayor Stevenson said in 1983, 1984 and 1986 whoever was on the Council authorized a lot of apartments.

Peter said that was correct.

Council and Staff discussed things that impacted housing trends.

Commissioner Gilbert asked how many units were in the Stimson property project and the one on Hill Field Road.

Peter said there were 140 units on the Stimson property and 180 on Hill Field Road.

Mayor Stevenson asked about single family permits this year.

Bill Wright, Community and Economic Development Director, said there were about 250 so far this year. He said there had been good subdivision development making lots available.

There was discussion about what was considered multi-family; townhomes, duplexes, condominiums, etc.

Peter indicated that vacancy rates for rental units in Davis County and Layton City were 3% to 5 %, which was considered fully rented. With move-ins and move-outs, a 3% to 5% vacancy was very low.

Councilmember Brown asked about vacancy rates in Kays Creek.

Kent Andersen, Deputy Director of Community and Economic Development, said he understood that they were at 5%.

Peter said 650 of the new 900 units in Layton were considered Class “A” units.

Council and Staff discussed renting trends.

Peter displayed a map of the vacant multi-family zoned property in the City. He indicated that there was very little property left that a large apartment complex could build on, other than the downtown area.

Peter indicated that development on the Beecher Adams property had changed slightly; they were changing several multi-family units to cottage style single family units.

Councilmember Petro asked what the status of that development was.

Peter said they had been to the Design Review Committee and preliminary plat approval would be the next step in the process.

Councilmember Petro asked if the City would have any risk, similar to North Salt Lake.

Bill said there would be a tremendous amount of geotechnical work done before anything could be built. He said they could re-grade the entire site and let it sit for a year or two, and then come back for approval. Bill said they were now looking at the opportunity for phasing the re-grading and phasing the development. He said they were also lowering the total number of units. Bill said the situation in North Salt Lake was a little bit different; that property had been a gravel pit. He said the City went with the best engineering available; there were reviews by 3 different engineering groups.

Gary Crane, City Attorney, said the City required that the developer do a study, the City did an independent study, and a third outside review was done of both studies.

Commissioner Fitzpatrick asked if any new traffic studies would be done since Antelope Drive was being connected to Highway 89.

Gary said yes; new studies would have to be done.

Peter displayed a map of multi-family development relative to the street network; multi-family development was allowed along arterial streets.

Council and Staff discussed the development agreement attached to the Adams commercial property on 2200 West and Hill Field Road, which did not include a multi-family housing component.

Mayor Stevenson asked about the East Gate area; would it allow for a mixed use zone that would allow for apartments.

Peter said the conceptual plan discussed some housing in the area. He said the recommendation was to try

and keep residential on the east side of 1700 East and not let it creep further to the west where it would be impacted by noise from the Base.

Mayor Stevenson asked if there would be some area available where Gordon Avenue would eventually tie into Highway 89; could it be mixed use to allow for residential.

Peter said the General Plan was fairly broad in that area identifying it as a feature center, probably some type of commercial node that may have some mixed use aspect to it.

There was discussion about various areas of the City that had potential for mixed use, and walkable areas.

Peter indicated that the General Plan recommendation was to have not more than 15% of housing stock in multi-family units, but the General Plan did not give a real definition of what multi-family was. Did it include a twin home in Peacefield, a condominium on south Main Street, or a typical walkup at East Gate? He said the General Plan also recommended no more than 5% in the R-H zone, which was the high density zone for typical walk-ups; the Seasons of Layton was an R-H zone. Peter said with single-family permits that had come in, the City was just under the 5% recommendation.

Council and Staff discussed the missing middle, including twin homes, mansion homes, bungalow court homes, etc. He displayed photos of these types of developments in other areas of the State. Peter said the real key in policies and directives moving forward into the future was determining what the mechanism or implementation tool was to see that they happened and that they happened in the right place. He said the visioning process could really be an assistance with this.

Peter said in previous discussions, the recommendation was single family at 73%, but having more detail to include typical single family homes, bungalow homes, patio homes, etc. He displayed various styles of single family and multi-family housing. Peter provided information about other types of housing such as Legacy Village. He said the recommended breakdown was 73% single family, 20% multi-family and 7% existing mobile homes. Peter discussed live/work developments; Kays Creek was the only work/live development in Layton at this time, but there were many in Salt Lake City.

Commissioner Gilbert asked if there were builders that were interested in all of the various types of developments; where did the builder want to be.

Peter said in general the City still saw that the majority of builders looked at a large piece of property and thought apartment complexes, or the smaller pieces maybe townhomes. He said the City tried to encourage builders to consider other housing types.

Mayor Stevenson asked if the City had the ability to fairly force people to do something on a specific piece of property.

Bill said absolutely; it was all about form and format.

Council and Staff discussed the trend of smaller lot sizes and walkable urban areas; there had been a shift in what people were wanting.

Peter said the Planning Commission and Council would be contacted to be part of the stakeholder group for the growth scenarios and visioning project.

Mayor Stevenson asked if the City would be wise to refine this so that there was a good understanding of what the City wanted and how to do it.

Bill said there were a couple of approaches, one being to weave some or all of this study into the visioning project. He said he felt that it would be important to incorporate what had already been done into the visioning project.

Mayor Stevenson said he would agree with that.

Peter said the visioning project would provide some implementation tools that would help target those types of housing at specific locations.

Council and Staff discussed involvement of the stakeholder group as part of the visioning project.

**The meeting adjourned at 6:32 p.m.**

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Thieda Wellman, City Recorder